

**TESTIMONY PRESENTED TO THE APPROPRIATIONS COMMITTEE**  
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Testimony Supporting Senate Bill No. 9

AN ACT CONCERNING TRANSPARENCY IN PUBLIC SPENDING

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Senator Bye, Representative Walker and distinguished members of the Appropriations Committee, thank you for the opportunity to offer testimony on Senate Bill No. 9, An Act Concerning Transparency in Public Spending.

This bill reflects principles upon which the Governor's budget was designed, namely, holding state agencies accountable for results and changing the way the state budgets.

Section 1 of the bill requires the Office of Policy and Management to work with agencies to establish standards by which the agencies would provide contemporaneous data on expenditures and program performance via publicly-accessible websites. This is intended to work hand-in-hand with the proposed consolidation of various distinct appropriations into Agency Operations accounts. While some have expressed concerns about the potential loss of accountability from such consolidation, this bill recognizes that new technology-based tools are available for reporting on and evaluating programs and service outcomes across state government. These tools include the state's Open Data Portal as well as the Business Intelligence capability within the Core-CT system. Through use of these and other information sharing tools, agencies can identify outcomes and resources used in providing core services, in real time, for the benefit of state legislators and the general public.

Sections 2 and 3 reflect the principle of changing how the state budgets. The current services model of budgeting presents a false picture of the choices available in adopting a budget. Under that model, projections about future spending include assumptions about things that typically are not budgeted, like inflationary increases and full funding of certain formula grants. Current services projections frequently ignore the impact of productivity gains, efficiencies, and prioritization on mitigating spending increases. Budget proposals that offer less than was assumed in the current services model are viewed by many as "cuts," even when future spending is proposed to grow over current spending levels.

We cannot afford to build unrealistic expectations into our budget process any more. Instead, the language in this bill would require projections of those elements of the budget that are relatively fixed, like debt service, pension and health care costs, and entitlement programs, and compare those to revenues projected in the consensus forecast to determine the level by which discretionary spending must be adjusted. When revenues are increasing, this would allow for policy decisions about either growth in government services or revisions in taxes, and when revenues are decreasing, it would better illustrate the choices available to decision-makers regarding the budget. An example of this approach is shown in the table below, which compares the January 2016 consensus revenue forecast to fixed cost drivers identified by OPM over the next several years.

	Proposed FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Projected Revenue	18,152.3	18,323.7	18,824.5	19,387.4
Increase over Prior Year		171.4	500.8	562.9
Growth		0.9%	2.7%	3.0%
<u>Projected Areas of Expenditure Growth (Relative to Prior Year)</u>				
Debt Service		275.2	(44.7)	198.0
Teachers' Retirement System		259.2	45.0	46.9
Medicaid		121.5	123.4	134.3
Matching Contributions for OPEB		132.6	-	-
State Employee Fringe Benefits Costs		71.6	62.6	72.5
Other Entitlements and Miscellaneous		6.9	5.9	9.0
Total Fixed Areas of Growth		867.1	192.2	460.7
Surplus / (Shortfall) of Revenue vs. Fixed Costs		(695.7)	308.6	102.2
<b>Change to Agency Operating Accounts, Higher Ed Block Grants, and Non-ECS Municipal Aid Needed for Balance</b>		<b>-9.7%</b>	<b>4.8%</b>	<b>1.5%</b>

Section 4 eliminates the outdated requirement for the Governor to submit a program budget. The program budget format is limited in its ability to convey information about the services provided by agencies. Moreover, it only applies to the budget document submitted by the Governor, but does not apply to the budget document produced by the Appropriations Committee and by the Office of Fiscal Analysis. Furthermore, the information in the program budget does not appear to have much if any utility in the budgeting process, either legislative or executive. We believe a better approach to providing information about the programs and services delivered by state agencies is through the publicly-accessible tools envisioned under Section 1 of this bill.

I respectfully request that the committee support this bill. I would like to again thank the committee for the opportunity to present this testimony, and I am happy to answer any questions you may have.